

June 2013 Kontos Kommentary

Current Used Vehicle Market Conditions



Summary

Wholesale prices continued to soften in June as used vehicle supply continues to recover, putting downward pressure on prices despite healthy retail demand and minimal new vehicle incentives.

Details

According to ADESA Analytical Services' monthly analysis of [Wholesale Used Vehicle Prices by Vehicle Model Class](#)¹, wholesale used vehicle prices in June averaged \$9,516 – down 2.9% compared to May and 3.7% relative to June 2012. At the half-year mark, wholesale prices are down 3.1% year-over-year, consistent with my expectations that prices will soften modestly this year based on anticipated supply growth of approximately five percent. The softening price environment in June impacted virtually all car, truck and crossover segments.

Prices for used vehicles remarketed by manufacturers were up 5.7% month-over-month, but were down 0.9% year-over-year and were based on limited volume. Prices for fleet/lease consignors were down 2.9% sequentially, but up 1.8% annually. Dealer consignors saw a 1.6% average price decrease versus May 2013, and a 5.2% downturn versus June 2012.

Based on data from CNW Marketing/Research, retail used vehicle sales were up 3.4% year-over-year for franchised dealers and 3.8% for independent dealers in June, and both dealer types saw month-over-month increases of around 12%. Sales of certified pre-owned (CPO) vehicles were down modestly at 0.8% month-over-month but up significantly at 14.4% year-over-year based on figures from Autodata.

¹The analysis is based on nearly six million annual sales transactions from over 150 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. ADESA Analytical Services segregates these transactions to study trends by vehicle model class.

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